

Message Text

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S E C R E T STATE 241884

NODIS
FOR DR. BRZEZINSKI

FOLLOWING REPEAT OTTAWA 8891 ACTION SECSTATE OCT 5.

QUOTE: S E C R E T OTTAWA 8891

NODIS - PLS LIMIT DISTRIBUTION TO VICE PRESIDENT, STATE
PRINCIPALS, EUR, S/P, NSC, CIA

S E N S I T I V E

EO 11652: XGDS-1
TAGS: PGEN, CA
SUBJECT: HOW THE NATIONAL UNITY CRISIS MAY PLAY OUT

1. SUMMARY. THE NEXT THREE YEARS WILL IN ALL LIKELIHOOD
DECIDE WHETHER CANADA SURVIVES AS AN ENTITY WHILE GRADU-
ALLY ADJUSTING TO QUEBEC NATIONALISM, OR WHETHER QUEBEC
ATTEMPTS SOME SUDDEN, DESTABILIZING LUNGE TOWARDS INDE-
PENDENCE. ODDS FAVOR THE FIRST OUTCOME, BUT IT WILL
REQUIRE VIGOROUS NEW ACTION BY OTTAWA (AND POTENTIALLY
SOME BY THE U.S.) TO ASSURE IT.

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2. TRUDEAU WILL WIN THE MID-1978 FEDERAL ELECTIONS, BUT
HIS VICTORY WILL DO LITTLE FOR THE FEDERALISTS IN QUEBEC.
THERE THE PQ IS WELL POSITIONED TO WIN THE PROVINCIAL
ELECTIONS IN 1979 OR 1980, AND THUS TO STAY IN POWER LONG
ENOUGH TO SEPARATE QUEBEC FROM CANADA IN MANY WAYS DE
FACTO IF NOT DE JURE. THE PQ ALSO HAS A POWERFUL
STRATEGY FOR WINNING A MAJORITY IN THE INDEPENDENCE
REFERENDUM (SOMEWHERE IN THE LATE 1978 TO 1980 TIMEFRAME
AS WELL). TO DEFEAT THE PQ OPTION, OTTAWA MUST ABANDON
ITS PRESENT PASSIVE STRATEGY AND BID FOR THE UNDECIDED

MIDDLE IN QUEBEC WITH A MAJOR CONSTITUTIONAL INITIATIVE. WE EXPECT IT TO DO SO IN 1978. IF IT DOES, CANADA WILL MOST LIKELY ENTER THE 1980'S WITH NEITHER OTTAWA NOR QUEBEC CITY ABLE TO INFLICT A CRIPPLING BLOW ON THE OTHER, AND THE CONFLICT TO BE DECIDED BY ATTRITION OR A GRAND NEGOTIATION. IF IT DOES NOT, THE CHANCES OF CONFRONTATION (SAY WHERE OTTAWA CHALLENGES THE VALIDITY OF A REFERENDUM QUEBEC CLAIMS IT HAS WON) WILL BE SIGNIFICANTLY GREATER.

3. THE FIRST U.S. INTEREST IS IN CANADA STAYING TOGETHER. OUR SECOND INTEREST IS IN SEEING THAT CONFEDERATION'S INEVITABLE TRANSFORMATION OCCURS WITHOUT MAJOR SHOCKS THAT COULD RADICALIZE FRENCH CANADA AND SET IT INTO PERMANENT HOSTILITY TOWARD ENGLISH CANADA AND POTENTIALLY TOWARD US. WITH THIS IN MIND WE SHOULD CONTINUE OUR PRESENT POSITIVE BUT NON-INTERVENTIONIST STANCE TOWARD CANADIAN NATIONAL UNITY, BUT HEDGE OUR BETS WITH A MUCH MORE INTENSE CULTIVATION OF QUEBEC CONTACTS TO THE EXTENT CONSISTENT WITH CURRENT FEDERALISM. WE SHOULD SEIZE EVERY OPPORTUNITY TO GIVE CANADIANS THE SENSE OF SECURITY THEY NEED IN A TIME OF TROUBLES BY DRAWING OUR ECONOMIES CLOSER TOGETHER AND MAXIMIZING OUR POLITICAL CONTACT.

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AND WE SHOULD CONSIDER WHETHER THE U.S. MAY NOT HAVE SOME ROLE TO PLAY TO MAKE SURE THE REFERENDUM OUTCOME IS CONSISTENT WITH CONFEDERATION'S GRADUAL TRANSFORMATION, NOT ITS RUPTURE. END SUMMARY.

4. FEDERAL ELECTION OF 1978. THE LIBERALS WILL WIN IT (ALTHOUGH NOT AS BIG AS THEY NOW HOPE), ALL BUT SHUTTING THE OPPOSITION CONSERVATIVES OUT OF QUEBEC, PICKING UP GROUND IN ONTARIO, AND MAYBE MAKING SOME INROADS ON THE CONSERVATIVES' NEAR-MONOPOLY IN THE WEST. THE REASON IS TWO-FOLD: TRUDEAU WILL HOLD THE NATIONAL UNITY ISSUE, AND THE ECONOMIC ISSUE IS UNLIKELY TO BE DECISIVELY EXPLOITED AGAINST HIM.

5. TRUDEAU HAS CAPTURED THE NATIONAL UNITY ISSUE NOT SO MUCH BECAUSE THE COUNTRY THINKS HE'S ALWAYS RIGHT ON IT (HE IS COMMONLY CRITICIZED FOR BEING TOO RIGID, FOR OVER-EMPHASIZING BI-LINGUALISM, FOR BEING TOO MUCH OF A CENTRALIST) BUT BECAUSE HE CONVEYS TO VOTERS A STRONG SENSE OF PERSONAL AUTHORITY IN A TIME OF GREAT UNCERTAINTY. WITH HIS BOYISHNESS AND RECEDING CHIN, TORY OPPOSITION LEADER CLARK HAS NOT BEEN ABLE TO COMPETE FOR THE ROLE; CLARK'S SENSITIVE NOTIONS OF RESTRUCTURING CANADIAN CONFEDERATION (WHICH ONE DAY TRUDEAU MAY PLAY BACK AS HIS OWN) HAVE ONLY STRENGTHENED THE IMPRESSION THAT HE IS NOT THE MAN TO HOLD CANADA TOGETHER WHEN THE GOING GETS ROUGH.

6. BOTH LIBERAL AND CONSERVATIVE POLITICAL STRATEGISTS AGREE THAT THE NATIONAL UNITY ISSUE MAY HAVE PEAKED, NOW THAT TRUDEAU HAS HAD HIS VOTE OF CONFIDENCE IN THE POLLS, AND THAT THE ECONOMY MAY AGAIN BECOME THE MAIN ISSUE. WITH UNEMPLOYMENT OVER 8 PERCENT AND THE ECONOMY SHOWING ONLY MINIMAL REAL GROWTH THIS YEAR THERE IS PLENTY OF BASIS FOR THE FORECAST. NO DOUBT THE OPPOSITION WILL DO BETTER IN THE ELECTION THAN IN CURRENT POLLS. BUT
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THE SWING WILL NOT BE BIG ENOUGH TO TIP THE LIBERALS OUT OF POWER. MOST FORECASTERS EXPECT SOMEWHAT HIGHER ECONOMIC GROWTH NEXT YEAR AS A RESULT OF ENERGY INVESTMENT AND BETTER DISPOSABLE INCOMES. ALTHOUGH NOT ENOUGH TO MAKE A REAL DENT IN UNEMPLOYMENT, THIS ACCELERATION (IF IT MATERIALIZES) WOULD HELP SET A FAVORABLE TREND AT ELECTION TIME. MOREOVER, THE GOVERNMENT CAN AND PROBABLY WILL GO INTO A STIMULATIVE PROGRAM BEFORE ELECTION. FINALLY, EVENTS IN QUEBEC (DEBATE ON THE REFERENDUM LAW AND START OF THE PQ'S REFERENDUM CAMPAIGN) WILL KEEP THE NATIONAL UNITY ISSUE BEFORE THE PUBLIC THROUGHOUT THE COUNTRY.

7. QUEBEC REFERENDUM. THE PQ STRATEGY IS NOW CLEAR. IT HOPES TO GET A POPULAR MANDATE FOR SEPARATION BY (A) STRUCTURING THE REFERENDUM QUESTION RIGHT, FORCING CHOICE BETWEEN THE STATUS QUO ON ONE EXTREME AND FULL INDEPENDENCE ON THE OTHER, WITH THE PQ'S SOVEREIGNTY FOR QUEBEC IN ECONOMIC ASSOCIATION WITH THE REST OF CANADA AS THE MIDDLE OPTION; (B) DEFINING IN ADVANCE A MANDATE AS HALF OF THE VOTES PLUS ONE (ON THE GROUND THAT A MILLION ENGLISH SPEAKERS WILL VOTE AGAINST ANY CHANGE); (C) USING A RESTRICTIVE REFERENDUM LAW TO OBSTRUCT PARTICIPATION IN THE CAMPAIGN OF FUNDS AND POLITICAL FIGURES FROM OUTSIDE QUEBEC; AND (D) MOUNTING AN INTENSIVE ORGANIZATION AND PROPAGANDA CAMPAIGN CONSTITUENCY BY CONSTITUENCY BEGINNING NOW. CURRENT POLLS SUGGEST THAT IF THE REFERENDUM WERE HELD NOW, THE PQ COULD GET UP TO ITS 50 PERCENT PLUS ONE, DEPENDING ON HOW THE QUESTION IS PUT.

8. FEDERAL COUNTER-STRATEGY. SINCE THE PQ VICTORY NOVEMBER 15, TRUDEAU HAS BEEN WORKING FROM A TWO-PHASE
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STRATEGY. IN PHASE ONE, OTTAWA WOULD ROLL WITH THE PUNCH, AVOID CONFRONTATION WITH THE PQ DURING ITS HONEYMOON WITH QUEBEC VOTERS, RE-ESTABLISH TRUDEAU'S PARAMOUNTCY THROUGHOUT CANADA, AND SEE WHETHER LEVESQUE COULD BE SET UP TO DEFEAT HIMSELF AS THE QUEBEC ECONOMY WENT SOUR. IN PHASE

TWO OTTAWA WOULD BID AGGRESSIVELY FOR THE SUPPORT OF THE UNDECIDED MIDDLE VOTERS IN QUEBEC WITH THE CARROT OF A NEW CONSTITUTIONAL DEAL AND THE STICK OF THREATS OF ECONOMIC DISASTER IF THE PROVINCE WERE TO SEPARATE.

9. PHASE ONE HAS NOW LARGELY ATTAINED ITS GOAL. BUT TRUDEAU HESITATES TO LAUNCH PHASE TWO UNTIL THE FEDERAL ELECTIONS ARE SAFELY BEHIND HIM. ALTHOUGH SOME INDICATION OF FLEXIBILITY ON THE CONSTITUTIONAL ISSUE WOULD HELP HIM NOW WITH THE CANADIAN ELECTORATE, A MAJOR PROGRAM OF CHANGES MIGHT COST HIM CONFIDENCE IN ENGLISH CANADA, WHILE OFFERING A READY TARGET TO THE OPPOSITION. MOREOVER, THE DESIGN OF CONSTITUTIONAL PROPOSALS REMAINS EXCEPTIONALLY DIFFICULT. SPECIAL STATUS PROPOSALS FOR QUEBEC ARE ANATHEMA IN THE WEST; PROPOSALS THAT TREAT ALL PROVINCES ALIKE MAY NOT SELL IN QUEBEC; NO PROPOSAL WILL INTEREST QUEBEC VOTERS UNLESS IT IS DRAMATIC AND FAR REACHING; YET TRUDEAU REEAINS PROFOUNDLY UNCERTAIN ABOUT THE ABILITY OF CANADIAN SOCIETY TO SUCCEED WITHOUT STRONG NATIONAL GOVERNMENT.

10. TRUDEAU CAN BE CONFIDENT THAT HIS STICK -- THREATS OF ECONOMIC DISASTER -- WILL IMPRESS SOME QUEBEC VOTERS. ENGLISH-SPEAKING PROVINCIAL PREMIERS HAVE ALREADY BEGUN TO PUSH THE POINT THAT QUEBEC COULDN'T EXPECT CONTINUED MARITAL RIGHTS WHILE GETTING A DIVORCE, AND THUS THAT SEPARATION WOULD MEAN DISRUPTION OF QUEBEC'S TRADE AND ECONOMIC TIES WITH THE REST OF CANADA. IF THE ECONOMY CONTINUES TO STAGNATE -- AND THE ONGOING SHIFT OF BUSINESS OUT OF MONTREAL ALMOST ASSURES THAT -- QUEBEC VOTERS WILL REMAIN INCLINED TO CAUTION, AND WILL LISTEN TO THE SECRET

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ECONOMIC ARGUMENT.

11. BUT TRUDEAU CAN'T BE SURE AS OF NOW TO AVOID THE TRAP THE PQ WILL SET IN THE REFERENDUM, UNLESS HE OFFERS QUEBEC A MAJOR NEW DEAL THAT IS PERCEIVED AS GENEROUS AND AUTHENTIC. ONLY BY OFFERING A FOURTH OPTION CAN HE DESTROY THE CREDIBILITY OF THE PQ'S THREE-OPTION STRUCTURE. WHAT THIS MEANS TO ME IS THAT THE FEDERAL GOVERNMENT MUST SOMETIME IN 1978 BUT PROBABLY JUST BEFORE OR AFTER THE FEDERAL ELECTION COME UP WITH A MAJOR CONSTITUTIONAL INITIATIVE. THAT IS NOW ITS PLAN.

12. QUEBEC PRRVINCIAL ELECTION. WE KNOW NOW THAT CHANCES ARE NOT GOOD THE TWO FEDERALIST PARTIES (WHICH TOGETHER POLLED 60 PERCENT OF THE VOTES IN 1976) CAN DEVELOP A POWERFUL CHALLENGE TO THE PQ IN THE NEXT PROVINCIAL ELECTION.

13. THE PROVINCIAL LIBERALS REMAIN LEADERLESS. EACH

OF THEIR POTENTIAL LEADERS HAS HIS OWN PROBLEM: LEDEVOIR
EDITOR RYAN HAS GREAT MORAL INFLUENCE BUT LITTLE PERSONAL
AUTHORITY; QUEBEC BUSINESSMAN CASTONGUAY IS SENSIBLE BUT
COLORLESS, AND SO FORTH.

14. THE OTHER FEDERALIST PARTY IN QUEBEC, THE UNION
NATIONALE, OWES ITS REBIRTH MAINLY TO A BACKLASH AGAINST
THE LIBERALS IN THE LAST ELECTION. IT IS QUIETLY FADING. -
BUT JEALOUSIES BETWEEN THE LIBERALS AND THE UNION
NATIONALE REMAIN SO DEEP THAT A COMMON ELECTORAL STRATEGY
IS UNLIKELY.

15. IF THE UNION NATIONALE DWINDLES AWAY (THEREBY DIMIN-
ISHING VOTE SPLITTING), IF THE ECONOMY GETS MUCH WORSE,)
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AND/OR IF THE PQ MAKES A MAJOR ERROR, THE LIBERALS DO HAVE
A CHANCE OF FORCING THE PQ BACK TO MINORITY GOVERNMENT
STATUS OR EVEN THROWING IT OUT. BUT AS OF NOW ODDS ARE
AGAINST IT. THIS JUDGMENT HOLDS EVEN IF THE PQ LOSES THE
REFERENDUM. INDEED SOME ANALYSTS THINK A PATTERN IS DE-
VELOPING IN WHICH THE QUEBECKERS HEDGE THEIR BETS BY VOT-
ING FEDERALIST NATIONALLY AND SEPARATIST PROVINCIALLY.

16. THUS THE PQ MAY WELL BE IN OFFICE FOR AT LEAST THE
NEXT EIGHT YEARS, GIVING IT SUBSTANTIAL OPPORTUNITY TO
SEPARATE THE PROVINCE DE FACTO (THROUGH LANGUAGE LEGISLA-
TION, ECONOMIC POLICY, CONTACTS WITH FRANCE AND OTHER
FOREIGN GOVERNMENTS) WHETHER OR NOT IT SUCCEEDS IN DE
JURE INDEPENDENCE.

17. ECONOMIC CONJUNCTURE. HOWEVER YOU READ THE WORLD-
WIDE ECONOMIC SITUATION, CLEARLY THE ODDS ON EXTENDING
THE AMERICAN RECOVERY BEYOND ITS CURRENT 19 MONTH WILL
DECREASE WITH EACH SUCCEEDING MONTH. IT IS PROBABLE
FOR THE NEXT THREE YEARS THE EXPORT OF GOODS AND SERVICES
TO THE UNITED STATES (16 PERCENT OF GNP IN 1976) WILL
CEASE TO BE A NET ACCELERATING FACTOR FOR THE CANADIAN
ECONOMY, AND MAY BECOME A NEUTRAL OR EVEN A TRAILING
FACTOR. INVESTMENT AND CONSUMPTION WILL PROBABLY CARRY
THE CANADIAN ECONOMY THROUGH SOMEWHAT BETTER IN 1978 THAN
IN 1977, BUT IT IS HARD TO SEE ANY ELEMENT IN THE ECONOMIC
PICTURE THAT WILL BRING SUSTAINED HIGH INCREASES IN OUT-
PUT OR SIGNIFICANT DECREASES IN UNEMPLOYMENT OVER THE
MIDDLE TERM.

18. WITH THE FLIGHT OF CAPITAL AND ENTERPRISE FROM QUEBEC
AND WITH THE SHARP RECESSION IN THE PROVINCIAL CONSTRUCTION
INDUSTRY (WHICH WOULD HAVE OCCURRED WHETHER THE PQ WON OR
LOST) UNEMPLOYMENT FIGURES ARE GOING TO REMAIN AT OR
ABOVE THE PRESENT TEN PERCENTAGE POINT RANGE FOR MUCH OF
THE NEXT THREE YEARS. IF THERE IS A SHARP TURNDOWN IN

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THE UNITED STATES, STAGNATION IN CANADA WILL BE CORRESPONDINGLY WORSE. AS FAR AS WE CAN TELL, THE MAJOR IMPACT WHICH ECONOMIC REVERSES (OR THEIR THREAT) HAVE ON QUEBEC VOTERS IS TO INCREASE THEIR CAUTION. THIS APPEARS TO BE THE MAIN REASON WHY POLLS SHOW A NET INCREASE IN THE NUMBER OF QUEBECKERS OPPOSING SEPARATION SINCE NOVEMBER 15, WHILE THE NUMBER OF THOSE SUPPORTING IT HAS BEEN ABOUT CONSTANT. A RECESSION AT THE END OF THE DECADE COULD HAVE THE EFFECT OF PULLING OFF VICTORIES FOR THE FEDERALIST IN THE REFERENDUM AND EVEN IN THE PROVINCIAL ELECTION THAT THEY WOULD BE UNABLE TO OBTAIN OTHERWISE.

19. POSSIBLE RESOLUTIONS, POSSIBLE CONFLICT SITUATIONS. AGAINST THESE SCENARIOS IT IS VERY UNLIKELY THAT THE PQ COULD SCORE THE MASSIVE AUTHORITATIVE WIN IN THE REFERENDUM THAT ENGLISH CANADA WOULD HAVE NO CHOICE BUT TO ACQUIESCE IN.

20. ALTHOUGH NOT LIKELY, THE OTHER EXTREME OUTCOME -- THE FEDERALISTS INFLECTING A DECISIVE DEFEAT ON THE SEPARATISTS -- CANNOT HOWEVER BE RULED OUT ALTOGETHER. THIS COULD HAPPEN IF THE RADICAL MINORITY IN THE PQ SPLIT WITH THE GRADUALIST MAJORITY, SAY AS A RESULT OF MAJOR REVERSE IN THE REFERENDUM OR PROVINCIAL ELECTIONS. BUT NOTE THAT EVEN IN THIS CASE CANADA WOULD LOOK VERY DIFFERENT AT THE END OF THREE YEARS THAN IT DOES NOW. FOR IT IS ALMOST INCONCEIVABLE THAT OTTAWA COULD OBTAIN THIS RESULT WITHOUT OFFERING A BROAD NEW CONSTITUTIONAL DEAL TO QUEBECKERS, UNABLE TO ACCEPT LESS THAN THEIR PREDECESSORS HAD BEEN OFFERED.

21. FAR MORE LIKELY IS A MIDDLE SCENARIO IN WHICH THE PQ STRATEGY IS STRONG ENOUGH TO GIVE IT A GOOD SHOWING ON
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THE REFERENDUM BUT NOT A MAJORITY, AND THE FEDERALIST COUNTER-STRATEGY IS STRONG ENOUGH TO CONTAIN THE PQ, BUT NOT KNOCK IT OUT OF POWER. IN THIS SCENARIO EITHER A NEW CANADIAN CONFEDERATION EMERGES THROUGH NEGOTIATION, OR DE FACTO AS THE COUNTRY GOES THROUGH A LONG PERIOD OF STALEMATE BETWEEN WHAT SOMEBODY HAS RECENTLY CALLED A "RESISTABLE FORCE AND A MOVABLE OBJECT."

22. BUT WE CANNOT IGNORE THAT THERE ARE POTENTIALLY DANGEROUS OUTCOMES TOO. A PARTICULARLY SERIOUS SITUATION COULD DEVELOP IF LEVESQUE GETS A BARE MAJORITY IN THE REFERENDUM AND PROCLAIMS VICTORY, WHILE THE FEDERAL GOVERNMENT INSISTS THAT NOTHING LESS THAN A SWEEPING VOTE IS

DETERMINING, AND TRIES TO HOLD ITS OWN REFERENDUM. IN THESE CIRCUMSTANCES THE INSTRUMENTS OF FORCE (ARMY, ROYAL CANADIAN MOUNTED POLICE, QUEBEC SURETE) COULD POLARIZE VERY QUICKLY, IF THEY HAD NOT DONE SO ALREADY. A POTENTIAL FOR PHYSICAL CONFRONTATION AND VIOLENCE WOULD FOLLOW.

23. A FURTHER BUT LESS PROBABLE POTENTIAL FOR VIOLENCE EXISTS ON MONTREAL ISLAND, SHOULD THE PQ INSIST ON APPLYING THE NEW LANGUAGE POLICY LITERALLY TO ENGLISH-SPEAKING SCHOOLS, MANY OF WHICH HAVE SO FAR REFUSED TO ACCEPT IT. FOR THE PRESENT THE PQ HAS ACTED WITH CIRCUMSPECTION IN APPLYING THE LANGUAGE LAW, BUT THE STRUGGLE BETWEEN HARDLINERS AND SOFTLINERS IN THE CABINET ON THIS ISSUE IS BY NO MEANS OVER.

24. ROLE OF THE UNITED STATES. BY ITS ACTION OR BY ITS INACTION THE UNITED STATES WILL PLAY A DECISIVE ROLE IN THE OUTCOME. ANY MOVE BY THE UNITED STATES THAT CONVEYS NEUTRALITY OVER THE CONFLICT OR THAT COULD BE INTERPRETED BY QUEBECKERS AS U.S. WILLINGNESS TO PICK UP THE PIECES AFTER INDEPENDENCE COULD PUT LEVESQUE OVER THE TOP IN THE REFERENDUM, BY REASSURING SOME OF THE PRESENTLY WORRIED
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MIDDLE IN QUEBEC POLITICS THAT THE PQ'SOVEREIGNTY/ ASSOCIATION" IS VIABLE OPTION. THIS IS THE WORRY THAT TRUDEAU COMMUNICATED TO ME THIS WINTER AFTER THE PQ VICTORY, BEFORE HE HAD A CHANCE TO MEET WITH PRESIDENT CARTER.

25. THE U.S. COULD ALSO HELP CONTAIN THE PQ IN THE REFERENDUM, FOR EXAMPLE BY MAKING CLEAR (AS WOULD THE ENGLISH-SPEAKING PROVINCES) DURING THE CAMPAIGN THAT AN INDEPENDENT QUEBEC COULD EXPECT NO SPECIAL ECONOMIC FAVORS FROM THE UNITED STATES AND INDEED MIGHT FIND ITSELF SHUT OUT OF THE UNITED STATES MARKET. I DON'T THINK WE CAN RULE OUT AN EVENTUAL REQUEST BY TRUDEAU TO TAKE SUCH A POSITION SHOULD IT BECOME OBVIOUS THAT THE REFERENDUM CAMPAIGN IS NOT GOING WELL FOR THE FEDERALISTS.

26. FINALLY, WE MUST RECOGNIZE THAT THERE IS NO OUTCOME TO THIS CONFLICT WHICH DOES NOT INVOLVE A SUBSTANTIALLY MORE AUTONOMOUS QUEBEC, IN WHICH WE WILL HAVE MAJOR STRATEGIC, ECONOMIC AND POLITICAL INTERESTS THAT CANNOT BE PROTECTED ONLY THROUGH OTTAWA. OVERT INTERFERENCE BY THE UNITED STATES ON THE SIDE OF OTTAWA COULD MAKE CLOSE AND EFFECTIVE RELATIONSHIPS WITH QUEBEC VERY DIFFICULT FOR A LONG PERIOD.

27. U.S. INTERESTS. AS THE NATIONAL UNITY CRISIS HERE DEVELOPS ANNEXATIONIST IMPULSES MAY DEVELOP IN THE STATES, AND UNIONIST MOVEMENTS MAY APPEAR IN CANADA. IN THE LAST

YEAR I HAVE BEEN ASKED BY ALL KINDS OF PEOPLE ALL OVER CANADA WHAT THE UNITED STATES ATTITUDE WOULD BE TOWARDS FUSION WITH PARTS OF CANADA IF QUEBEC WERE TO SEPARATE. TRUDEAU HAS TOLD ME ON A NUMBER OF OCCASIONS THAT HE BELIEVES OBTAINING A "LANDBRIDGE TO ALASKA" TO BE A LONG-TERM U.S. GOAL.

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28. YET A VERY STRONG CASE CAN BE MADE THAT SUCH AN EVOLUTION WOULD NOT REPEAT NOT BE IN THE U.S. INTEREST. THE UNITED STATES ALREADY HAS VERY SUBSTANTIAL ACCESS TO CANADA FOR TRADE, INVESTMENT, DEFENSE. THE PRESSURE OF EVENTS (THE NATIONAL UNITY CRISIS AND ECONOMIC BAD TIMES) IS MOVING CANADA TOWARDS YET CLOSER COOPERATION WITH THE STATES. THE GAS PIPELINE AGREEMENT (WHICH INCIDENTALLY COULD NOT HAVE BEEN NEGOTIATED WITH ALASKA OR CALIFORNIA) IS THE MAJOR STEP IN THIS DIRECTION SO FAR. AGREEMENT ON SUBSTANTIAL TARIFF CUTTING, AND ON MUCH CLOSER ECONOMIC POLICY MANAGEMENT WILL ALMOST SURELY FOLLOW IN THE COMING YEARS. BUT WHILE THE ECONOMIC GAIN OF FUSION WOULD BE LITTLE OR NON-EXISTENT, THE POLITICAL LOSS WOULD BE SUBSTANTIAL. THE DISMANTLING OF ONE OF THE SMALL NUMBER OF FUNCTIONING INDUSTRIAL DEMOCRACIES WOULD WEAKEN THE ENTIRE WEST MORALLY AND POLITICALLY. AND THE EMERGENCE OF AN AGGRANDIZED UNITED STATES WOULD EXPOSE US MORE TO THE ENVY OF ALLIES, TO THE DEMANDS OF THE THIRD WORLD, TO THE FEARS OF THE SOVIET UNION.

29. OUR OVERRIDING INTEREST IN CANADA'S INTEGRITY DOESN'T MEAN WE MUST COMMIT PRESERVING THE STATUS QUO. NOR COULD ANY SUCH U.S. ATTEMPT SUCCEED: THERE IS NO WAY IN WHICH CANADIAN SOCIETY CAN AVOID A MAJOR TRANSFORMATION IN THE NEXT FEW YEARS.

30. BUT WE DO HAVE AN IMPORTANT STAKE IN THE WAY IN WHICH CANADA ADJUSTS TO QUEBEC NATIONALISM. A GRADUAL PROCESS OF DEVOLUTION IN WHICH QUEBEC REMAINS IN A CANADIAN FRAMEWORK, ECONOMICALLY AND POLITICALLY ACCESSIBLE TO ENGLISH CANADA AND TO US IS CONSISTENT WITH OUR INTERESTS. THE CHANGE ITSELF WILL MOSTLY AFFECT AREAS OF INDIFFERENCE TO US (CULTURE, EDUCATION, IMMIGRATION). BUT WE WOULD HAVE MUCH TO LOSE IF A SIEGE MENTALITY WERE TO DEVELOP IN QUEBEC WITH POLITICAL REJECTIONISM TOWARDS NORTH AMERICA

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AND ECONOMIC DIRIGISME ADDED TO THE CULTURAL PROTECTIONISM THAT ALREADY EXISTS.

31. WHAT COULD CAUSE THAT TO HAPPEN? WE KNOW THERE IS A VIGOROUS RADICAL MINORITY IN THE PQ THAT IS HOSTILE TO

THE GRADUALIST APPROACH TO INDEPENDENCE SYMBOLIZED BY THE REFERENDUM, AND WHOSE ECONOMIC IDEOLOGY IS ANTI-CAPITALIST WE HAVE SEEN THAT ON AN ISSUE WHICH UNITES A MAJORITY OF FRENCH QUEBECKERS (LANGUAGE), THE RADICALS CAN DOMINATE LEVESQUE AND THE REST OF THE MODERATE LEADERSHIP. IF THE PROVINCE UNITES BEHIND THE PQ BECAUSE OF AN OTTAWA/QUEBEC CONFRONTATION OVER WHO WON THE REFERENDUM, BECAUSE OF VIOLENCE, OR BECAUSE OF ACTS THAT ARE PERCEIVED AS ECONOMIC WARFARE BY ENGLISH CANADA, THE RADICALS COULD TAKE OVER THE DIRECTION OF AFFAIRS IN QUEBEC CITY AND SET THE PROVINCE ONTO A PATTERN OF HOSTILITY TOWARDS ALL OF NORTH AMERICA.

32. U.S. ACTION. WHAT THEN SHOULD WE DO?

33. WE SHOULD CONTINUE OUR PRESENT NEUTRAL/POSITIVE STANCE ON CANADIAN UNITY, EXPRESSING THE PERSONAL HOPE OF AMERICANS THAT CANADA STAYS TOGETHER (AND CONFIDENCE THAT IT WILL), WHILE DENYING A WISH TO INTERVENE.

34. WE SHOULD AVOID ANY SUGGESTION OF WANTING A SPECIAL RELATIONSHIP WITH QUEBEC, BUT HEDGE OUR BETS BY CULTIVATING VIGOROUSLY ALL THOSE CONTACTS WHICH ARE COMPATIBLE WITH CURRENT CANADIAN FEDERALISM (FOR EXAMPLE ENHANCED NORTH-SOUTH ELECTRICAL EXCHANGES, CONTINUED QUEBEC ACCESS TO NEW YORK CAPITAL MARKETS, MUCH INCREASED CULTURAL EXCHANGES THROUGH THE INTERNATIONAL VISITORS' PROGRAM AND POSSIBLY THROUGH ARTISTIC PROGRAMS).

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35. WHILE BEING CAREFUL TO OBSERVE THE FORMS OF THE ARMS-LENGTH RELATIONSHIP DEVELOPED IN RECENT YEARS, WE SHOULD PROVIDE THE PSYCHOLOGICAL SUPPORT CANADA WILL NEED DURING THE NATIONAL UNITY CRISIS BY EXPLOITING EVERY OPPORTUNITY FOR CLOSER ECONOMIC AND POLITICAL RELATIONSHIPS (FOR EXAMPLE: LARGE-SCALE TARIFF CUTTING, ON A BILATERAL BASIS IF NECESSARY, CONTINUAL HIGH-LEVEL CONTACTS). THIS COULD ALSO HAVE THE EFFECT OF LESSENING SOME OF THE PRESSURES FOR UNION THAT WILL SURFACE IN CANADA AND THE UNITED STATES AS THE CRISIS UNFOLDS.

36. FINALLY, WE SHOULD BEGIN TO CONSIDER NOW OUR STANCE DURING THE REFERENDUM CAMPAIGN. AS PART OF ITS "SOVEREIGNTY-ASSOCIATION" PLAY THE PQ WILL WANT TO SHOW THAT AN INDEPENDENT QUEBEC COULD GET ALONG NO WORSE AND PERHAPS BETTER WITH US. LEVESQUE IS STARTING THE CAMPAIGN ALREADY, CHANGING THE PQ'S ATTITUDE ON NORAD AND NATO TO POSITIVE, WOOING REGIONAL AND BUSINESS OPINION IN THE U.S. A CRITICAL PLAY FOR US WILL BE WHETHER OR NOT TO TAKE ACTION TO MAKE SURE THAT QUEBEC VOTERS DO NOT BELIEVE THERE IS A "U.S. OPTION". WE WOULD NOT WISH TO COMMUNICATE THAT MESSAGE IF IT WERE NOT NECESSARY TO AVOID A PQ VICTORY, IF OTTAWA DIDN'T

WANT IT, OR IF THE POTENTIAL DAMAGE TO OUR FUTURE RELATION-
SHIPS IN FRENCH CANADA WERE VERY HIGH. BUT IN A FINELY
BALANCED SITUATION THIS COULD BE THE DECISIVE ELEMENT IN
DETERMINING WHETHER OTTAWA AND QUEBEC MOVE TOWARDS ACCOM-
MODATION, OR TOWARDS RUPTURE. ENDERS UNQUOTE CHRISTOPHER

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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 753735
Secure: LOCK1
Status: NATIVE
Subject: HOW THE NATIONAL UNITY CRISIS MAY PLAY OUT
TAGS: PINT, CA, US
To: WHITE HOUSE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/569ac924-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009